

110TH CONGRESS  
1ST SESSION

# H. R. 1519

To prohibit offering homebuilding purchase contracts that contain in a single document both a mandatory arbitration agreement and other contract provisions, to prohibit requiring purchasers to consent to a mandatory arbitration agreement as a condition precedent to entering into a homebuilding purchase contract, and to provide for the Federal Trade Commission to enforce violations of such prohibitions as unfair and deceptive acts or practices under the Federal Trade Commission Act.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2007

Mr. GONZALEZ introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To prohibit offering homebuilding purchase contracts that contain in a single document both a mandatory arbitration agreement and other contract provisions, to prohibit requiring purchasers to consent to a mandatory arbitration agreement as a condition precedent to entering into a homebuilding purchase contract, and to provide for the Federal Trade Commission to enforce violations of such prohibitions as unfair and deceptive acts or practices under the Federal Trade Commission Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “American Homebuyers  
5       Protection Act”.

6       **SEC. 2. MANDATORY ARBITRATION AGREEMENTS.**

7       (a) IN GENERAL.—No person engaged in the con-  
8       struction of new houses may require a purchaser to enter  
9       into a mandatory arbitration agreement as a condition  
10      precedent to entering into a contract for the purchase of  
11      a new house.

12      (b) SEPARATE DOCUMENTS REQUIRED.—No person  
13      engaged in the construction of new houses may offer a  
14      purchaser a contract for the purchase of a new house  
15      which includes an agreement on mandatory arbitration  
16      unless such agreement is a separate document which con-  
17      tains only language pertaining to the mandatory arbitra-  
18      tion agreement. The separate document containing the  
19      mandatory arbitration agreement shall also contain the  
20      following statement: “By Agreeing to Binding Arbitration  
21      You Are Giving Up Your Right To Go To Court”.

22      (c) ARBITRATOR.—The mandatory arbitration agree-  
23      ment shall not name an independent arbitrator and shall  
24      contain a procedure that adequately guarantees the pur-  
25      chaser an opportunity to participate in the selection of an

1 arbitrator which shall occur only after a dispute regarding  
2 the homebuilding contract has arisen.

3 (d) ENFORCEMENT.—In the case of any violation of  
4 subsection (a), (b), or (c), the agreement on mandatory  
5 arbitration involved in the violation shall be of no force  
6 or effect.

7 **SEC. 3. ENFORCEMENT BY FEDERAL TRADE COMMISSION.**

8 (a) UNFAIR OR DECEPTIVE ACTS OR PRACTICES.—  
9 A violation of subsection (a), (b), or (c) of section 2 shall  
10 be treated as an unfair and deceptive act or practice in  
11 violation of a regulation under section 18(a)(1)(B) of the  
12 Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B))  
13 regarding unfair or deceptive acts or practices.

14 (b) POWERS OF COMMISSION.—The Commission  
15 shall enforce this Act in the same manner, by the same  
16 means, and with the same jurisdiction, powers, and duties  
17 as though all applicable terms and provisions of the Fed-  
18 eral Trade Commission Act (15 U.S.C. 41 et seq.) were  
19 incorporated into and made a part of this Act. Any person  
20 who violates such regulations shall be subject to the pen-  
21 alties and entitled to the privileges and immunities pro-  
22 vided in that Act.

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